



## CITY OF LODI

## COUNCIL COMMUNICATION

**AGENDA TITLE:** Purchase of Transformers: Change Order - Information Only

**MEETING DATE:** April 2, 1997

**SUBMITTED BY:** Electric Utility Director

**RECOMMENDED ACTION:** None required. This Communication is for informational purposes only.

**BACKGROUND INFORMATION:** On September 18, 1997, the City Council adopted Resolution No. 96-127 which, in part, authorized the purchase of three sizes of circuit-protected polemount transformers from Wesco Distribution of San Francisco.

Upon inspection of the 15-, 25-, and 37.5-KVA units delivered in January, it was discovered that Wesco's manufacturer had produced *conventional* transformers rather than the required circuit-protected units. Further, it was noted that the manufacturer had failed to install specified pressure-relief devices. Upon being notified of the errors, the manufacturer proposed to build replacement units which differed significantly from their original bids, so much so that Wesco would not have been awarded the order originally, had they bid those numbers.

Despite negotiations aimed at having the manufacturer (1) honor their original bid, (2) expedite production of acceptable units, and (3) provide emergency replacements for the 37.5KVA transformers (we are now out of stock in that size), the manufacturer failed to respond positively and it became apparent that they could not produce the units in accordance with their original bid. Because of the potentially serious out-of-stock situation in the 37.5KVA size, staff elected not to continue the prolonged negotiations, and on March 18, 1997 terminated the "circuit-protected" portion of the order with Wesco. At the same time, a replacement order was placed with Cooper Power Systems of Milwaukee.

Cooper Power Systems was the successful bidder on the most recent polemount transformer order, which was awarded by the City Council on March 5. Purchase of the replacement units from Cooper using the March proposal numbers will cost the City \$297.39 *less* in equipment costs than the original order from Wesco, and \$636 *less* in operating losses compared to Wesco's proposed replacements. Cooper's units are expected in about six weeks; in the meantime, staff will continue to try to locate emergency replacements to be used in the event of a transformer failure.

Alan N. Vallow, Electric Utility Director

Prepared by Joel Harris, Purchasing Officer

APPROVED: \_\_\_\_\_

H. DIXON FLYNN  
City Manager